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## In latest jobs numbers, a vindication for Minnesota's policy choices

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# MINNPOST

## In latest jobs numbers, a vindication for Minnesota's policy choices

By **Louis D. Johnston** | 06/12/17

On



REUTERS/Aaron Josefczyk

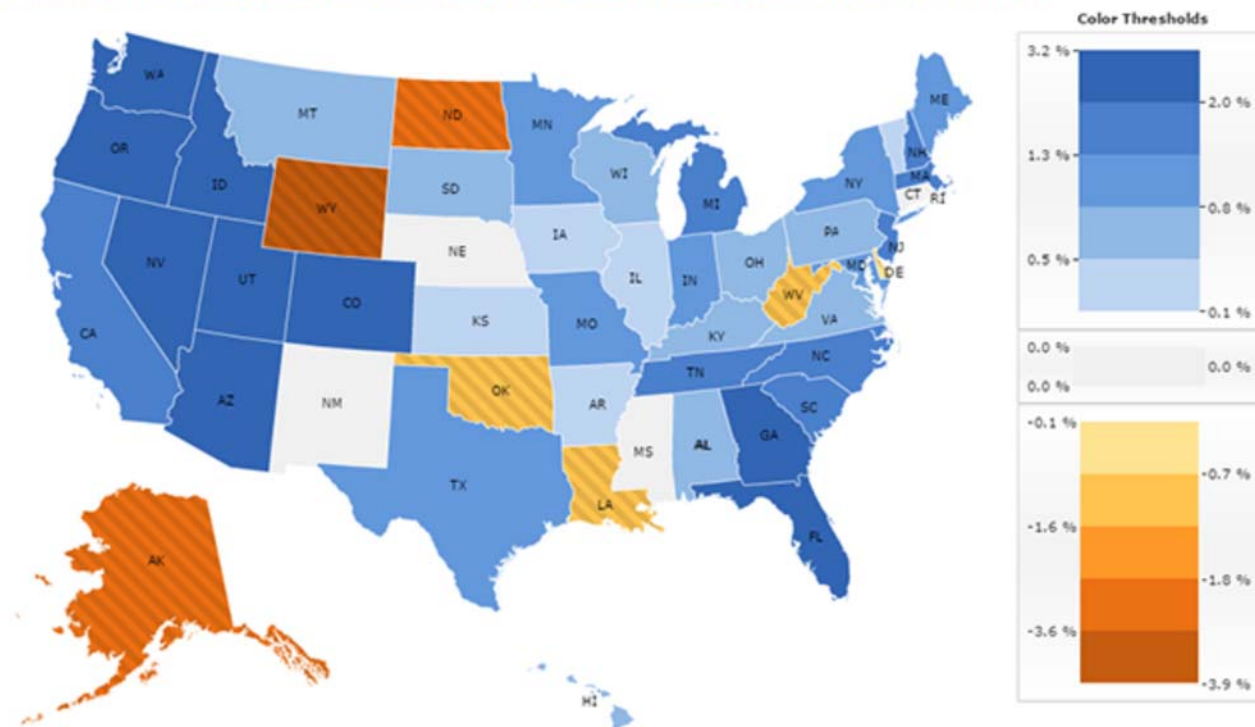
Employment in Minnesota grew by 1.3% in 2016, with South Dakota and Wisconsin next at 0.5% and Iowa at 0.1%.

Wednesday of last week, the Bureau of Labor Statistics released the latest data on employment and wages by state from December 2015 to December 2016. You're probably not as excited about this as I am, but you should be: it provides insight into the effectiveness of various public policy choices.

Here are the data, in map form:

**Total employment in Minnesota grew faster than in neighboring states.**

12 month percent change in employment, Total, all industries , Total Covered Dec 2015-Dec 2016 (p)



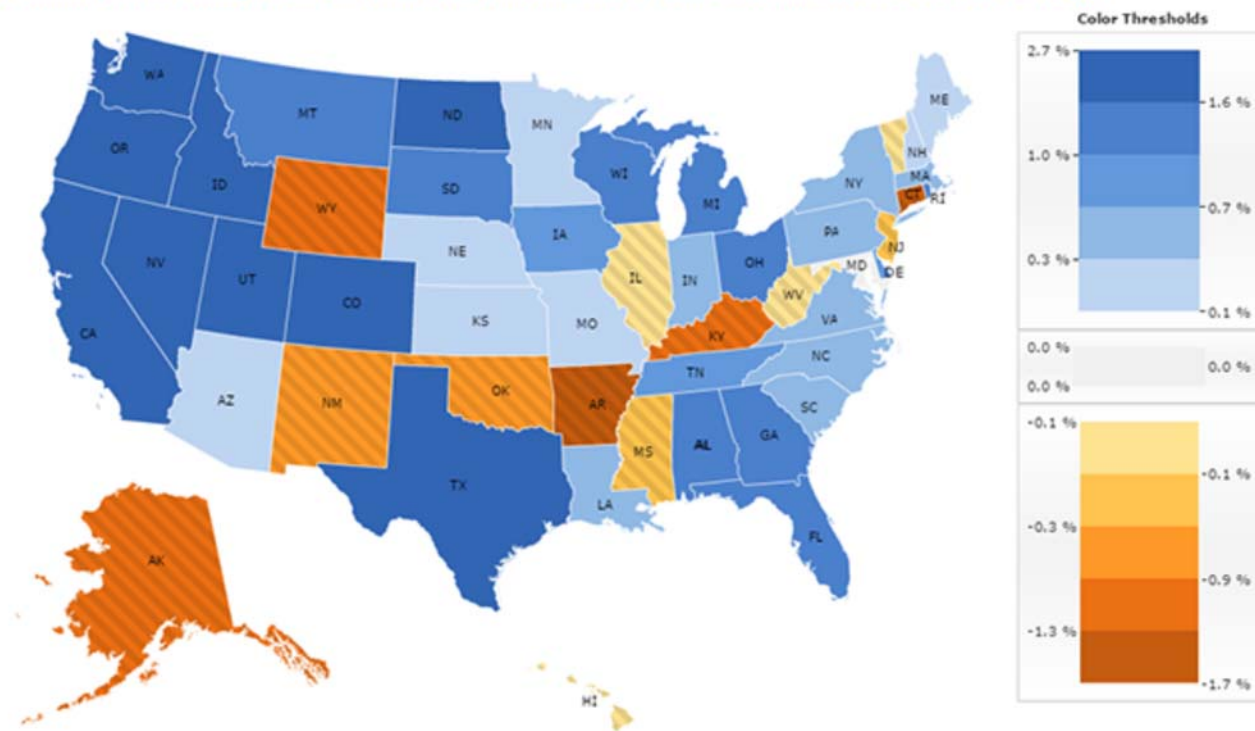
Source: U.S. Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

*Note: In all of the maps, the bluer the better, while orange represents decline. Source for all maps: Bureau of Labor Statistics.*

Employment in Minnesota grew by 1.3% in 2016, with South Dakota and Wisconsin next at 0.5% and Iowa at 0.1%. North Dakota's employment shrank by 3.2% due to the bust in oil prices.

**No, this growth in employment is not due to rapidly growing government.**

12 month percent change in employment, Total, all industries , Total Government Dec 2015-Dec 2016 (p)



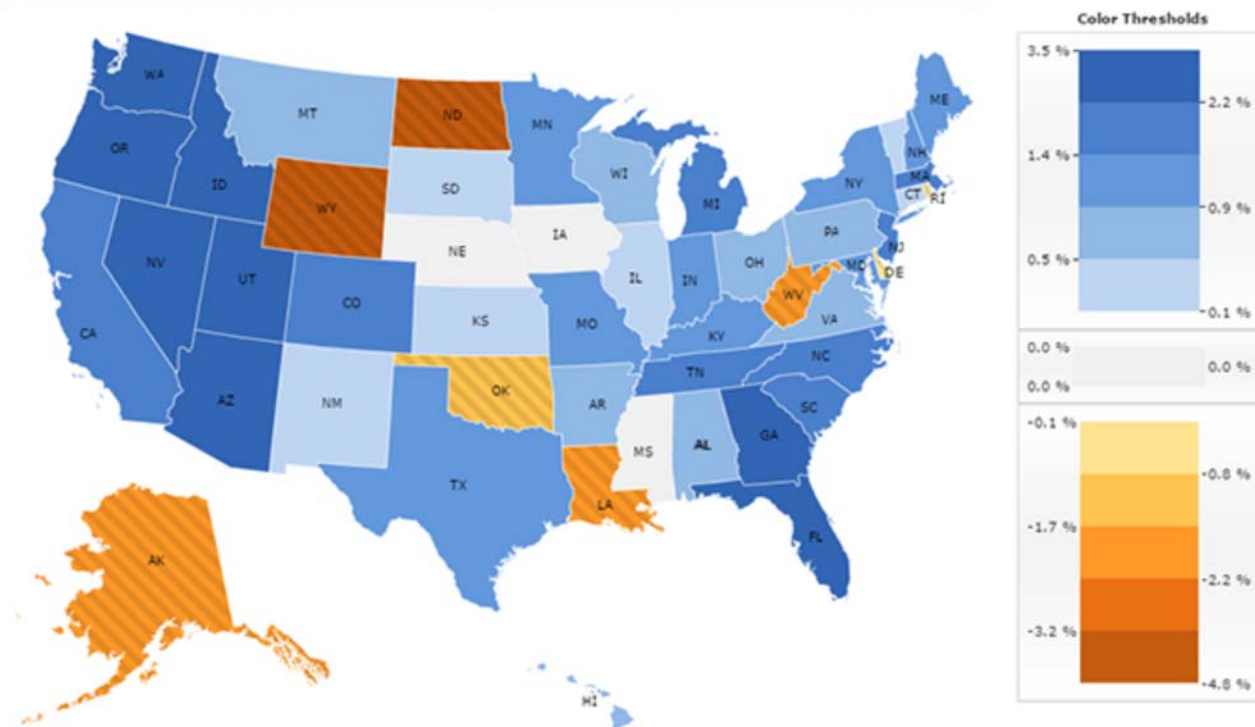
Source: U.S. Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

Government employment grew more **slowly** in Minnesota than in surrounding states. North Dakota led with 1.6% growth in government employment, followed by South Dakota (1.1%), Wisconsin (1.0%), Iowa (0.8%) and in last place Minnesota (0.3%).

**Private sector employment grew faster in Minnesota than in its neighbors, but was only at the national average.**



12 month percent change in employment, Total, all industries , Private Dec 2015-Dec 2016 (p)

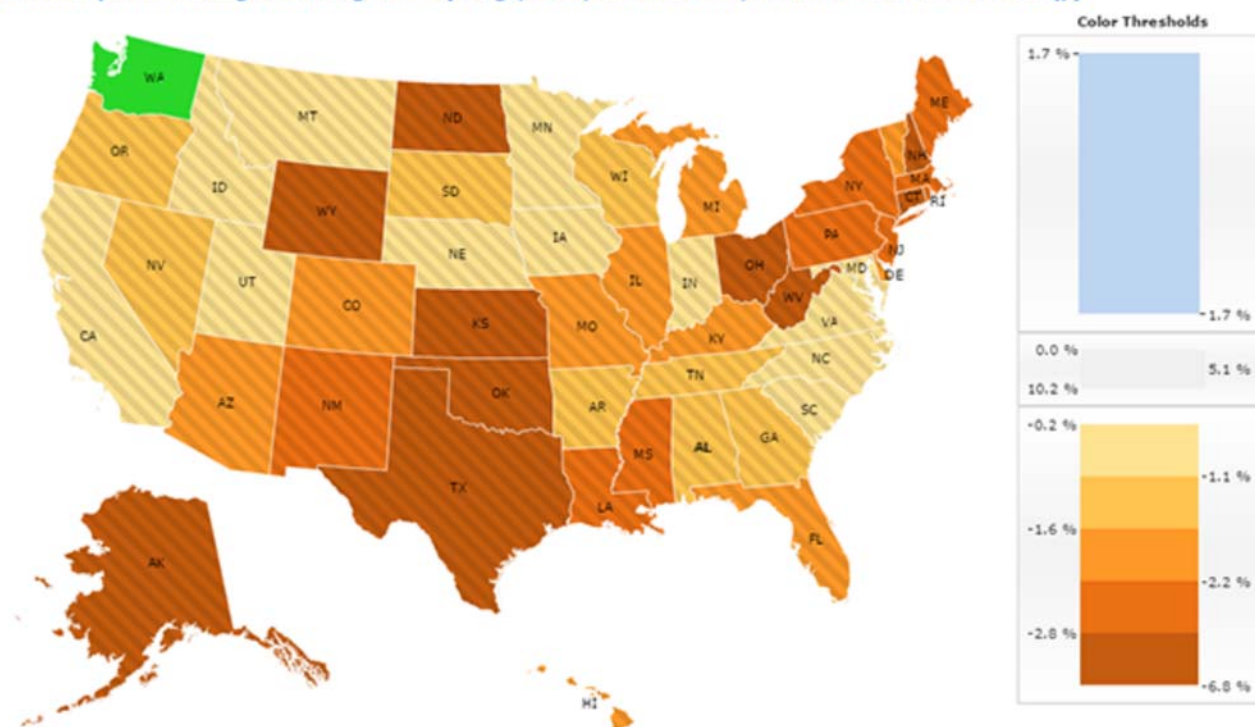


Source: U.S. Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

U.S. private employment grew by 1.2% in 2016. Minnesota did slightly better with 1.3% growth. Wisconsin and South Dakota were next with 0.5% growth, with Iowa showing no change in private employment and North Dakota contracting by 4.2%.

## Wages fell in 2016 across the region and the nation.

12 month percent change in average weekly wage, Total, all industries , Private Dec 2015-Dec 2016 (p)



Source: U.S. Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

Unfortunately, even though employment grew during 2016 the average weekly wage fell in the US by 1.5%. Minnesota did better than the national average, with wages only falling by 0.8%. Iowa's workers saw wages decline 1.1%, Wisconsin's 1.3%, and South Dakota's by 1.4%. North Dakota got hammered, with the average weekly wage falling 5.2%.



These are nominal wages, that is, not adjusted for inflation. Given that prices rose between 1.5 and 2 percent in 2016, you can subtract that amount and get the truly bad news: average weekly wages *fell* by about 2.5 to 3 percent in Minnesota during 2016, but that was better than its neighbors.

The bottom line is that Minnesota's labor market is performing above average, but not by much. However, our performance tops the five-state region.

Some policy takeaways:

- North Dakota rode the oil boom and now is riding out the bust.
- South Dakota kept taxes and regulation at a minimum but still does not do as well as Minnesota.
- Wisconsin enacted policies busting unions through "right to work" laws, cutting corporate taxes, weakening environmental and safety regulations, slashing government spending, and then watched as employment grew more slowly and wages shrank more than in Minnesota.
- Iowa tried to be Wisconsin-lite and fared no better.

During the recent legislative session, we often heard cries that Minnesota's government expanded rapidly during the past biennium and this held back economic activity. Neither of these assertions holds true. We are doing better than our neighbors, which suggests that there are no magic formulas to jumpstart employment growth. Rather, the slow, patient work of improving our education systems, investing wisely in infrastructure, and promoting a healthy workforce will keep Minnesota in the lead.

## ABOUT THE AUTHOR:



### **Louis D. Johnston**

Louis Johnston writes Macro, Micro, Minnesota for MinnPost, reporting on economic developments in the news and what those developments mean to Minnesota. He is Joseph P. Farry professor in the Eugene J. McCarthy Center for Public Policy and Civic Engagement at Saint John's University. He is also a professor of economics at the university.

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